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June 6, 2011

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**VIA ECFS**

Ms. Marlene Dortch

Re: Notification of Ex Parte Contact, ET Docket No. 10-97

Dear Ms. Dortch:

UTAM, Inc. ("UTAM"), by its attorneys, hereby files this notification of *ex parte* contact in the above-referenced docket. On June 2, 2011, Mr. Michael Stima, Managing Director of UTAM, Mr. Al Baum, Engineering Manager, DQA, Uniden America Corporation and Trustee, UTAM, and the undersigned, counsel to UTAM, met with Mr. Julius Knapp, Chief, Office of Engineering and Technology ("OET"), Ms. Geraldine Matise, Chief, Policy and Rules Division, OET, Ms. Karen Ansari, Chief, Technical Rules Branch, OET, and Mr. Patrick Forster, OET. The parties provided the attached presentation, and discussed the history of UTAM, the management of UTAM, and the derivation of, and need for, the UTAM membership fee. UTAM emphasized that, while shutdown of the organization is its ultimate priority, until such time as the AWS auction occurs and UTAM receives payment from new 1915-1920 MHz licenses, it is unable to conclude its affairs and therefore must continue the membership fee, which is its sole source of operating revenue.

Should any questions arise concerning this ex parte notification, please do not hesitate to contact the undersigned.

Sincerely,

/s/ Eric W. DeSilva  
Eric W. DeSilva

cc(\*): Mr. Julius Knapp, Chief, OET  
Ms. Geraldine Matise, Chief, Policy and Rules Division, OET  
Ms. Karen Ansari, Chief, Technical Rules Branch, OET  
Mr. Patrick Forster, OET  
Mr. Michael Stima, UTAM  
Mr. Al Baum, Uniden America Corporation

(\*) provided via electronic mail

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# **UTAM Clearing Fee Discussion**

June 2, 2011

UTAM, Inc.<sub>1</sub>

# Condensed UTAM History

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- UTAM formed in May 1995
  - FCC designated frequency coordinator
  - Industry mechanism for band clearing
    - 1,100+ fixed microwave links in 1910-1930 MHz band
    - 99% of microwave cleared prior to April 2005 sunset
- In September 2004 FCC reallocated 1910-1930 MHz
  - 1910-1915 MHz ultimately licensed to Nextel
  - 1915-1920 MHz allocated to Advanced Wireless Services (AWS)
  - FCC reallocation required *pro rata* repayment of UTAM's costs in clearing 1910-1930 MHz band

# Condensed UTAM History, Part II

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- April 2005 Sunset of Microwave Incumbent rights
  - UTAM's role as coordinator ceased
  - 1% of remaining links notified of need to cease operation
- In 2007, Sprint-Nextel reimbursed UTAM \$12.7M
- In 2008, UTAM went into "maintenance mode"
  - Obligations/expectation of revenue balanced
  - No longer making regular payments under clearing contracts
  - Per device fees suspended
  - Membership fee of \$50,000 remained

# UTAM Governance

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- Membership in UTAM is currently required under the FCC's rules for equipment authorization
  - 62 members at present
  - All members entitled to vote and participate in membership meetings
- UTAM governed by Board of Trustees
  - Current board has 6 trustees
  - Effort made to vote interested members onto board
  - Board is representative of membership & industry
- Day-to-day activities performed by Managing Director
  - Mike Stima

# UTAM Accounting

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- Obligations
  - Approximately \$6M for original members
    - Repayment of start up financing
    - Non-interest bearing
  - Approximately \$4M owed under contracts with PCS carriers
    - Cost sharing contract developed with PCIA Clearinghouse
    - Allows obligation to be paid over time
    - Non-interest bearing
  - Ongoing administrative expenses for UTAM
  - Future unknown obligations
    - Regulatory expenses – AWS-3 rules, FCC PN consequences?
    - Litigation contingency?

# UTAM Accounting

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- Revenue
  - Potential of up to \$12.7M in cost-sharing from eventual 1915-1920 MHz licensee
  - Membership fees speculative
    - No idea of how many new members will join in relevant timeframe
- Surplus is hypothetical
  - \$2.7M surplus not available to UTAM
    - Collection viewed as speculative by financiers
    - Cannot borrow against obligation
    - Might be useful should collection issues arise/for shutdown expenses
  - Until 1915-1920 MHz auction, UTAM must subsist on membership revenue

# UTAM Maintenance Mode

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- UTAM has no interest in prolonging existence
  - UTAM membership strongly desires to close UTAM
  - UTAM viewed as obligation
  - UTAM members receive no tangible benefit from UTAM
- UTAM has tried to find ways to exit
  - Investigated transfer of obligations
  - Investigated sale of potential proceeds
  - Open to alternatives
- No one “profits” from UTAM’s existence
  - Any surplus revenue must to donated to non-profit
  - Board members not compensated by UTAM



# UTAM Membership Fee

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- Board has reviewed fee
  - High volume manufacturers:
    - Typically amortize the fee over large number of devices
  - Small volume manufacturers:
    - Fee is nominal in view of large R&D/other costs for custom devices
    - Small volume devices typically not cost-sensitive
  - To UTAM's knowledge, no company has failed to enter the market as a result of the UTAM membership fee
- Fiduciary duty to act in the interest of the organization
  - Elimination or lowering of fee would potentially cause recent members to request a refund.
  - Must maintain reasonable litigation/contingency reserve
  - FCC has trusted UTAM Board for 16 years with no complaints